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Memorandum

TO: BATA Oversight Committee

DATE: April 1, 2009

FR: Executive Director

W. I. 1252

RE: Change Order – FasTrak® Regional Customer Service Center: ACS State and Local Solutions, Inc. (ACS)

In January 2004, through a competitive procurement process, BATA entered into a contract with ACS State and Local Solutions for the development and operation of the Regional FasTrak® Customer Service Center (CSC). The contract included operating the existing Caltrans service center for one year beginning in April 2004, and designing and developing a new Regional CSC that consolidated the operations of the customer center operations for the state-owned bridges and the Golden Gate Bridge, which included migrating two existing customer databases into a new regional system.

The current contract with ACS expires in May 2009. The contract includes two two-year optional extensions. Staff is recommending that the Committee authorize the Executive Director to execute both two two-year extension periods with ACS to extend the contract for a total of four more years to 2013. The contract extension is recommended by the FasTrak® Management Group, which includes the Executive Director of BATA and the General Manager of the Golden Gate Bridge, Highway & Transportation District.

FasTrak® CSC Operations

The CSC is responsible for day-to-day operations for all aspects of FasTrak customer account management and violation processing. In summary, the activities of the CSC include:

- Processing FasTrak and violation transactions,
- Managing customer accounts, including automatic replenishments of prepaid balances and processing payments,
- Sending statements and account notifications,
- Operating call center services to respond to customer inquiries,
- Managing the FasTrak website, which allows for web based account opening, account management, and violation payment processing,
- Issuing toll tags and managing tag inventory,
- Settling payments with reciprocal toll agencies in the state, and reviewing violation images and sending notices.

Over the five years they have operated the Regional CSC, ACS has deployed new programs and improvements to the operation including a retail program where customers can get their toll tags at Safeway and Costco stores throughout the Bay Area, a joint project with San Francisco International Airport allowing customers to pay their parking transactions using toll tags, sending unpaid violations to DMV Hold to improve violation collection rates, and starting Out-of-State DMV address retrieval for violators with non-California license plates.

Over the past five years, the CSC has gone through tremendous growth. The number of customer accounts increased by over 150% and FasTrak[®] usage on the state-owned bridges has grown from 30% to over 60% during peak periods.

Activity	FY 2004-05	FY 2008-09
Total Accounts	319,000	806,000
Total Tags Issued	479,000	1,200,000
Phone Calls Handled by Automated Phone System and Service Representatives per Month	65,000	101,000
Website Visits per Month	n/a	225,000
1 st and 2 nd Violation Notices Sent per Month	160,000	245,000
FasTrak Revenue Collected per Month	\$14,220,000	\$24,000,000
Violation Revenue Collected per Month	\$625,000	\$1,200,000
Number of CSC Employees	50	91

The current contract with ACS has a number of performance measures that the CSC must meet. Failure to meet the stated performance measure results in reductions to the monthly invoices that BATA pays to ACS. For most of the contract period, ACS has met or exceeded the performance measures in the contract. Charts showing the volume growth and performance levels over time are included in Attachment A.

The annual cost of the CSC operations is based on a fee linked to the number of FasTrak[®] accounts. Over the term of the contract, the operations costs have grown each year as the number of FasTrak customers and violations have increased. The annual costs, pursuant to the existing contract for the CSC operations, are shown in the table below.

	FY 04-05	FY 05-06	FY 06-07	FY 07-08	FY 08-09 (forecast)
Number of Accounts	319,000	455,900	572,600	724,800	806,000
Annual CSC Cost	\$7,442,000	\$9,507,000	\$11,988,000	\$15,231,000	\$16,653,000

Contract Extension

Over the past several months, staff has had extensive negotiations with ACS on the contract extension proposal. The contract extension discussions included revised services for the CSC to increase system efficiencies, revisions to performance measures, and revisions to price structure to reduce overall cost of the system.

Proposed major revisions to CSC services include:

- Increasing use of e-mails to customers to notify customers of system changes and to reduce mailings;
- Implementing a program to have a group of CSRs with specific knowledge of violation issues, since violations are usually the most complex customer issues;
- Providing added functionality to the FasTrak[®] web site to provide customers with greater ability to manage their accounts on-line;
- Having a third party conduct a quality audit of the CSC; and
- Reducing CSC hours for the current twelve hour day from 7 am to 7 pm to a nine hour day from 8:30 am to 5:30 pm., which allows the CSC to increase efficiency by operating a single shift.

Through the contract extension negotiations, staff has been able to significantly reduce the cost of the operations for the extension period. The average per account monthly cost for the 4 year extension period is \$1.37, which is \$0.26 (16%) less than current per account cost for the current contract. As shown below, under the revised pricing structure, the FY 2009-10 contract cost is estimated to be approximately \$14.9 million, which is \$2.6 million less than the projected cost under the pricing structure in the current contract. The total contract cost for the 4 year extension is estimated to be about \$68.3 million. Over the 4 year life of the extension, it is estimated that BATA will save approximately \$12.8 million as compared to the terms of the current contract.

	FY10 Estimated Budget Under Current Contract Terms	FY10	FY11	FY12	FY13	Total FY 10- FY13
# of Accounts	890,000	890,000	986,000	1,082,000	1,178,000	
Account Fee	\$14,742,600	\$10,839,600	\$11,841,800	\$12,726,000	\$13,590,000	
Image Review	\$667,500	\$409,200	\$468,000	\$545,600	\$602,769	
1st Notice	\$1,728,488	\$802,400	\$888,900	\$975,400	\$1,062,000	
Maintenance	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	
License Fee	\$200,000	\$200,000	\$200,000	\$200,000	\$200,000	
Estimated Postage	n/a	\$2,472,200	\$2,738,900	\$3,005,600	\$3,272,215	
Total Operations	\$17,578,588	\$14,963,400	\$16,377,600	\$17,692,600	\$18,966,985	\$68,000,585
Equipment Upgrade						\$315,000
Total Extension Price						\$68,315,585

The estimate for FasTrak[®] account volumes shown in the chart is based on history of account growth, plus initial estimates of added accounts due to planned additional FasTrak[®]-only lane conversions and the implementation of High Occupancy Toll (HOT) Lanes in the region.

As part of the extension, ACS will also upgrade some system components and add new functions to the CSC processes. These include upgrading the automated phone system to add more capacity and allow more flexibility in functions offered through the phone system. The one-time cost of these equipment upgrades is estimated at \$315,000.

Recommendation

Staff recommends the Committee authorize the Executive Director or his designee to negotiate and enter into a contract amendment with ACS to operate the FasTrak[®] Regional Customer Service Center for 4 additional years in an amount not to exceed \$68,315,600.

A handwritten signature in black ink, appearing to be 'S. Heminger', written over a horizontal line.

Steve Heminger

SH:bz

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REQUEST FOR AUTHORITY APPROVAL

Summary of Proposed Contract Change Order

Work Item No.:	1252
Contractor:	ACS State and Local Solutions San Francisco, CA
Work Project Title:	FasTrak [®] Regional Customer Service Center
Purpose of Project:	Operate and maintain customer service center
Brief Scope of Work:	Extend contract for 4 additional years to operate and maintain customer service center
Project Cost Not to Exceed:	\$68,315,600 (current contract amount = \$64,017,642).
Funding Source:	Bridge Tolls
Fiscal Impact:	Annual Toll Bridge Operating Budget.
Motion by Committee:	That the Executive Director or his designee is authorized to negotiate and enter into a change order to the FasTrak [®] Regional Customer Service Center contract with ACS State and Local Solutions to operate and maintain the service center for an additional 4 years and the Chief Financial Officer is directed to set aside funds up to \$68,315,600 for such contract amendment subject to the annual budget approval process.
BATA Oversight Committee:	<hr/> Bill Dodd, Chair
Approved:	Date: April 8, 2009